



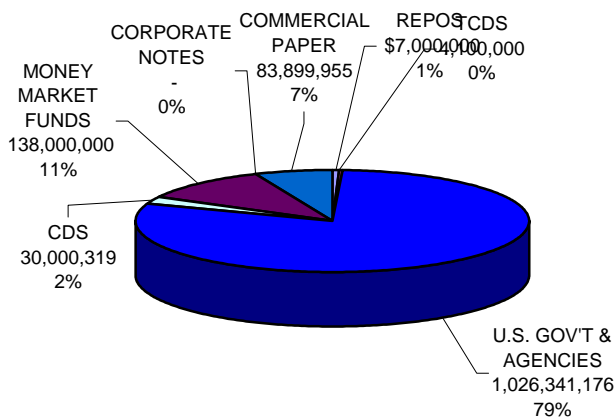
Description

Investment of State of Nevada funds within the General Portfolio is a function performed by the State Treasurer, who, by the provisions of state statute, has adopted guidelines for the prudent investment of these funds. The investment portfolio encompasses the General Fund, the purpose of which is to finance the ordinary operations of the State and to finance those operations not provided for in other funds. The majority of General Fund revenues are received from gaming taxes, sales and use taxes, insurance premium taxes, business license taxes, cigarette taxes, property taxes on net proceeds of mines, and casino entertainment taxes.

The investment portfolio also includes monies deposited in Special Revenue Funds, which are used to fund highway projects, Municipal Bond Bank transactions, and some of the activities of the State's regulatory agencies, and in Enterprise Funds, which are used to fund development and control of water and power resources and to fund housing projects. Investment objectives include safety of principal, portfolio liquidity, and market return, which is consistent with a conservative, moderate duration portfolio of securities. As of December 31, 2003, the portfolio had a par value of \$1,286,365,000.

Investment Guidelines

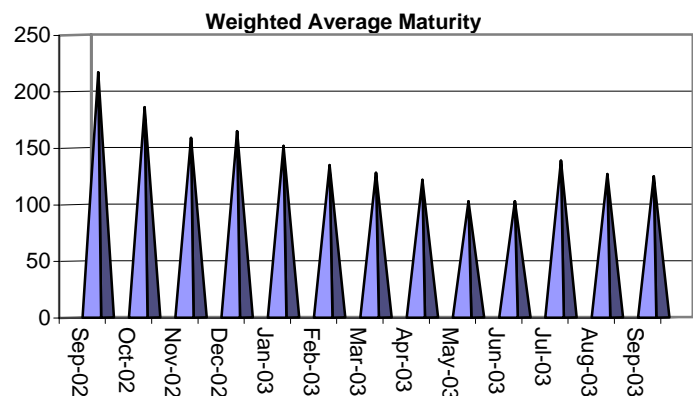
The permissible investments of the General Portfolio include United States treasury and agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, and banker's acceptances. These securities are diversified to prevent over concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed two years, and no single security may be longer than ten years.



General Fund Portfolio
Portfolio as of December 31, 2003

At December 31, 2003 the weighted average maturity of the General Portfolio was 133 days, and has ranged from 103 to 165 days in the past year...

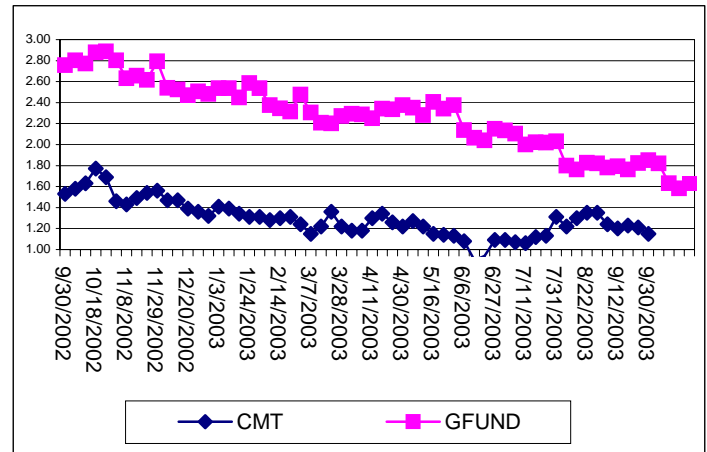
The State Treasurer maintains a conservative, moderately active investment strategy, having the ability to take advantage of longer-term market opportunities as they occur by analyzing projected cash flow. In order to prevent the forced sale of securities prior to maturity, a "Minimum Liquidity Requirement" is imposed which projects the cash flow needed to pay obligations within a four-week period. All securities to be included in this requirement must mature within 28 days. At December 31, 2003 the weighted average maturity of the General Portfolio was 133 days, and has ranged from 103 to 165 days in the past year.



Performance

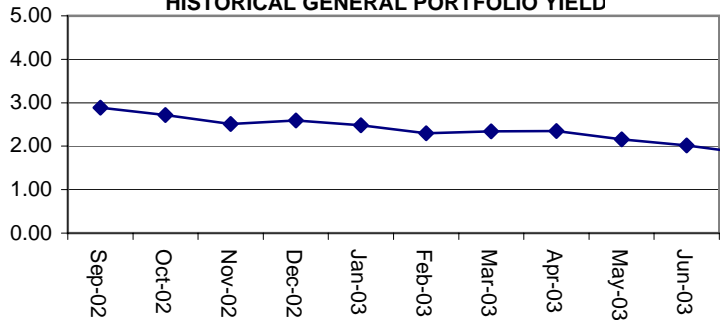
The General Portfolio's performance is monitored on a weekly basis. The benchmark used to assess this performance is the one-year Constant Maturity Treasury Index (1 Year CMT). As of December 31, 2003, its yield outperformed this benchmark by 48 basis points.

ONE YEAR CONSTANT MATURITY vs GFUND RATE



As of December 31, 2003, its yield outperformed this benchmark by 48 basis points.

HISTORICAL GENERAL PORTFOLIO YIELD



Administration

The State Treasurer adopted an Investment Policy, which was last approved by the State Board of Finance on June 11, 2002. In October 2002, the Association of Public Treasurers of the United States and Canada awarded the Certification of Excellence to the State Treasurer in recognition of his outstanding written investment policy. The State of Nevada was the first state in the nation to receive this award in 1992. The General Portfolio may be audited at any time either internally or externally. Investment procedures and strategies are reviewed quarterly by the State Board of Finance.

STATE TREASURER'S REPORT Second Quarter Fiscal Year 2004

	<u>September 30, 2003</u>	<u>YIELD</u>	<u>December 31, 2003</u>	<u>YIELD</u>
REPOS	\$ 30,000,000		\$ 7,000,000	
TCDS	4,100,000		4,100,000	
U.S. GOV'T & AGENCIES	852,521,766		1,026,341,176	
CDS	30,000,017		30,000,319	
MONEY MARKET FUNDS	105,000,000.00		138,000,000	
CORPORATE NOTES	-		-	
COMMERCIAL PAPER	49,959,117		83,899,955	
TOTAL	\$ 1,071,580,900	1.63%	\$ 1,289,341,450	1.46%

DECEMBER 31, 2002 YIELD: 2.59%

TOTAL INTEREST EARNED FY 2003 THROUGH DECEMBER 31, 2002: \$13,999,458

TOTAL INTEREST EARNED FY 2004 THROUGH DECEMBER 31, 2003: \$9,369,463

YEAR-TO-YEAR COMPARISON

	<u>December 31, 2002</u>	<u>December 31, 2003</u>
TOTAL PORTFOLIO	\$ 852,584,000	\$ 1,289,341,450